

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

USIA-15 DRC-01 /177 W

----- 019066

R 231232Z FEB 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9980

INFO AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY BONN

LIMITED OFFICIAL USE BRUSSELS 1155

STATE FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG, BE

SUBJECT: ENERGY: RETAIL PRICING SITUATION THREATENING PETROLEUM
SUPPLIES TO BELGIUM

REF: BRUSSELS 1120

1. BELGIAN CABINET REFUSED AGAIN TODAY TO MAKE DECISION ON PETROLEUM
INDUSTRY REQUEST FOR HIGHER RETAIL PRICES FOR PETROLEUM PRODUCTS.
ALL DIALOGUE BETWEEN INDUSTRY AND GOVERNMENT HAS BEEN BROKEN OFF,
WITH NO FURTHER MEETINGS SCHEDULED. ACCORDING TO RELIABLE INDUSTRY
SOURCE, BELGIAN LABOR UNION LEADER DEBUNNE (FGTB) THREATENED
GOVERNMENT WITH WIDESPREAD INDUSTRIAL UNREST IF GOVERNMENT
AUTHORIZED HIGHER PRICES.

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2. MEANWHILE SUPPLY SITUATION IS DETERIORATING RAPIDLY. THREE

DISTRIBUTORS (SECA, BURMAH TRADING, AND TOTAL) ANNOUNCED FEBRUARY 21 DECISION TO CLOSE SOME OR ALL OF THEIR OUTLETS DUE TO LACK OF PRODUCT. (THESE THREE ARE IMPORTING COMPANIES WITHOUT LOCAL REFINERY CAPACITY.) ESSO REPORTEDLY ANNOUNCED FEB. 22 THAT IT WILL CEASE ALL DELIVERIES AS SOON AS PRESENT STOCKS EXHAUSTED. OTHER MARKETING COMPANIES WITH REFINING CAPACITY INCOUNTRY ARE STILL CONSIDERING THEIR OPTIONS. (APART FROM TEXACO, OTHER REFINERIES CAN CUT OFF CRUDE IMPORTS EASILY BY STOCKING IN ROTTERDAM. TEXACO, HOWEVER, IMPORTS ITS CRUDE VIA ZEEBRUGE AND HAS NO WAY OF CURTAILING BELGIAN BOUND TANKERS SHORT OF ISSUING NEW DESTINATION ORDERS.)

3. GOB HAS REPORTEDLY ISSUED "FLOCK" OF REQUISITION ORDERS TO LOCAL PETROLEUM COMPANIES TODAY, ORDERING DELIVERIES OF PETROLEUM PRODUCT.

4. DEBATE OVER PRICES (AND POSSIBLE CONFRONTATION BETWEEN INDUSTRY AND GOVERNMENT ENSUING THEREFROM) APPROACHING CRITICAL STAGE. IF DEADLOCK NOT BROKEN WITHIN NEXT WEEK AND COMPANIES DECIDE TO CURTAIL CRUDE PETROLEUM IMPORTS, FUEL SHORTAGE IN BELGIUM COULD EASILY BECOME SERIOUS AND POTENTIALLY EXPLOSIVE ISSUE IN CURRENT PRE-ELECTION SITUATION. THERE ARE RUMORS THAT SOCIALIST PARTY LED BY ANDRE COOLS IS DELIBERATELY SEEKING SUCH A DEVELOPMENT. BOOCHEVER

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Message Attributes

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EO Systematic Review
30 JUN 2005

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